

## Tobacco Settlement Proceeds

Initiated Act Number 1 of 2000, "The Tobacco Settlement Proceeds Act", authorized the issuance of Tobacco Settlement Revenue Bonds and established procedures for the usage of moneys received by the State of Arkansas pursuant to the Master Settlement Agreement (MSA) in the class action lawsuit by the Attorney Generals of forty-six (46) states, including Arkansas, against various firms engaged in the production, delivery and marketing of cigarettes and other tobacco products. The Tobacco Settlement Proceeds Act directs the State Board of Finance to receive all MSA monies on behalf of the State of Arkansas and the State Board of Finance delegates administrative duties to the Arkansas Treasurer of State. Terms of the settlement require the tobacco companies to pay the states approximately \$206,000,000,000 through the year 2025. Arkansas' share of MSA monies received during the fiscal year ended June 30, 2012 totaled \$50,481,885.57. The Tobacco Settlement Proceeds Act requires the first \$5,000,000 of MSA monies received each year to be transferred to a debt service fund established for the Series 2001 and Series 2006 bonds.

Proceeds from the Series 2001 bonds totaled \$60,000,000 providing capital improvement funding of \$25,000,000 for the Biosciences Research Building, \$15,000,000 for the School of Public Health at the University of Arkansas for Medical Sciences and \$20,000,000 for the Biosciences Research Building at Arkansas State University in Jonesboro. The Series 2001 bonds totaling \$1,700,000 and \$2,580,000 were redeemed December 1, 2005, and December 1, 2006, respectively, prior to scheduled maturities in 2018 through 2029.

Proceeds from the Series 2006 bonds totaled \$35,329,934 providing capital improvement funding for the Arkansas Cancer Research Center on the campus of the University of Arkansas for Medical Sciences. The Series 2006 bonds are capital appreciation bonds, with the first debt service payments due July 1, 2001. Scheduled interest accruals from issuance to July 1, 2021 total \$38,247,554.

The scheduled bond principal and interest requirements by fiscal year are as follows:

Years Ending June 30	Principal	Interest	Total
2013-2017	8,480,000	9,706,249	18,186,249
2018-2022	8,520,000	7,452,239	15,972,239
2023-2027	10,930,000	4,973,276	15,903,276
2028-2032	6,630,000	2,348,889	8,978,889
2033-2037	3,005,000	1,430,494	4,435,494
2038-2042	3,885,000	530,906	4,415,906
Total	41,450,000	26,442,053	67,892,053